



OFFICE OF THE INSPECTOR GENERAL

ANNUAL REPORT 2024

"No government is perfect. One of the chief virtues of a democracy, however, is that its defects are always visible and under democratic processes can be pointed out and corrected."

- President Harry S. Truman





ALONG THE WATERFRONT WITH INSPECTOR GENERAL JOSEPH CENTORINO

I have been privileged to lead the Miami Beach Office of the Inspector General since its inception in 2019. We have audited, investigated, reviewed and inspected the City's operations, major infrastructure projects, contracts, receipts and expenditures of public monies, and the conduct of City officials and employees. Our work has been informed by responsible officials and by concerned and vocal citizens, including anonymous ones. Our reports have discussed inefficiencies, wasteful practices, illegalities, as well as recommendations for improvement.

Our mission requires that we find and publicly disclose factual information that may cause discomfort for those involved. We must also confront and grapple with criticisms of our own work, often publicly. We may disagree with our critics, but we respect their right to criticize and we listen to them with the hope of improving our performance and making more valuable our contribution to the public interest.

Nationally, our democracy faces unique challenges in getting reliable information to members of the public about what their governments are doing. TV networks were once required to broadcast alternative views to their editorials, a practice many people appreciated regardless of which side they were on. Many media outlets now tailor their reporting to a favored political view to the exclusion of all others. Those that try to provide balanced coverage are often disparaged and distrusted for doing so.

We agree with the Greek Orator Isocrates (436 B.C. – 338 B.C.) who said, "If you truly wished to find out what is best for the country, you would listen more to those who oppose you than to those who try to please you." The clash of strongly held viewpoints should be the lifeblood of a healthy democracy, but only in the context of mutual respect by all participants, especially those entrusted with government authority. The City of Miami Beach, one of few local governments that has adopted a Civility Oath for its elected officials, has explicitly recognized this obligation.

We take seriously our responsibility to provide accurate facts to support our findings and recommendations. The creation of Offices of Inspectors General throughout this country—especially in Florida, which leads the nation in creating these independent watchdogs—has been supported by a public that hungers for straight talk about government affairs.

The Miami Beach OIG's experience has been largely positive. We are encouraged by the public support we have received and by the many cooperative responses from those whose actions we oversee.

We are always accessible to the public through our website, www.mbinspectorgeneral.com, email at CityofMiamiBeachOIG@miamibeachfl.gov, telephone 305.673.7020, and at our office, 1130 Washington Avenue, 6th Floor. We encourage all Miami Beach residents and businesses to join our efforts to maximize the efficiency and integrity of City government. We need you.

Sincerely,

A handwritten signature in dark ink, reading "Joseph Centorino". The signature is written in a cursive style with a large, stylized "J" and "C".

OIG PERSONNEL CHANGES

MANAGEMENT

2024 has been a transitional year for OIG personnel. Mark Coolidge, who served as our Chief Auditor since the inception of the OIG in 2019, retired after 31 years of dedicated service to the City. He was instrumental in incorporating the City's prior Internal Audit Division into the newly formed OIG, adapting to its broader independent mission, and supervising a staff that consistently produced professional audits.



Mark's successor as Chief Auditor, **Norman Blaiotta**, served previously as OIG Deputy Chief Auditor and brings a strong background in auditing, as a Certified Internal Auditor, Certified Fraud Examiner, and Certified Inspector General Auditor. He has a Bachelor of Business Administration – Accounting from Metropolitan University and Master of Business Administration – Finance from Inter American University. Norman has guided the OIG into greater use of data analytics in planning and conducting audits.



OIG's new Deputy Chief Auditor, **Jane Sukuro**, came to the OIG in December after serving with distinction as Deputy Inspector General for the City of Tallahassee. She previously served as Senior Auditor for that City and is a Certified Public Accountant, Certified Internal Auditor, Certified Inspector General, and is no stranger to South Florida, having earned both a Bachelor of Accounting and Master of Accounting – Audit Track degrees from Florida International University.



OIG Executive Assistant/Office Manager **Elisa Alonso** has assumed additional responsibilities as OIG budget manager and as administrator of the OIG's new K-10 software. She also handles all support staff duties, which includes assisting the Inspector General and Chief Auditor on financial issues and personnel management, assisting and training staff on the use of office software, tracking and recordkeeping on audits and investigations, assigning resort tax audits, ordering and inventorying office equipment and supplies, and coordinating Audit Committee meetings.

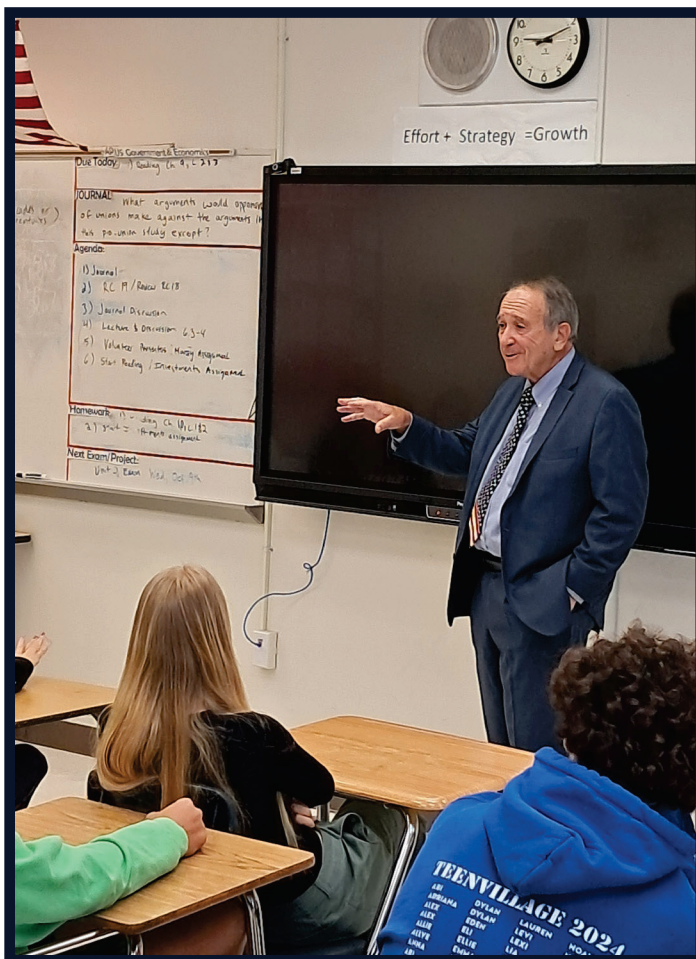
AUDIT STAFF

Jessica Romero Losada has been promoted from Internal Auditor to Senior Auditor. The OIG has a new Sanitation Tax Auditor, **Julia Morales**, who came to us from a position at Florida International University, prior to which she supervised tax auditors at the Florida Department of Revenue. Resort Tax Auditors **Yorney Sanchez** and **El Mostafa Achar** have been promoted to Internal Audit positions. The OIG has hired four new Resort Tax Auditors to fill existing vacancies: **Tatania Lopes**, **Thania Thielen**, **Raffi Olivo**, and **Alfredo Mojena**.

OUTREACH

The OIG was created by voter referendum in 2018 and belongs to the people of Miami Beach. We never forget that and continue to engage with the public through our website, hotline, community groups and citizen activists. The Inspector General makes himself available to speak with any civic, educational, not-for-profit, or business group.

During the past year the Inspector General appeared on an ethics panel at the Annual Conference of the South Florida Chapter of the American Society for Public Administration (ASPA) and chaired a panel on Ethics, Elections, and Good Governance at the Silver Jubilee Celebration of the U.S./Africa Trade & Investment Conference and Expo held in Miami. A strong advocate of ethics education and training, he addressed members of the senior class at Miami Beach Senior High School on Ethical Governance Day 2025, an event he established while serving as Director at the Miami-Dade Commission on Ethics. Within the City government, the Inspector General regularly helps train new City employees in the Human Resources Department orientation programs and the Code Compliance Department's Code Academy class for new inspectors.



Inspector General addresses students at Miami Beach Senior High



Inspector General participates on ASPA Conference Panel



Inspector General presents at new employee orientation.

LEGISLATIVE DEVELOPMENTS

CITY CODE AMENDMENTS ESTABLISHING FAIR AND CONSISTENT ROLL-OFF FEE COLLECTION

The City's collection of sanitation fees, derived from waste hauler and roll-off contractor revenues, supports operations at the Sanitation Division of the Public Works Department. The OIG Sanitation Fee Auditor conducts audits of these payments, especially those received from Roll-Off contractors now registered with the City. These contractors collect construction and demolition debris at private locations, and each is required to obtain a Business Tax Receipt (BTR), i.e., a permit to conduct business in the City. As permitted Roll-Off contractors, they are required to remit to the City 20% of their gross revenues. OIG audits have resulted in substantial assessments against non-compliant contractors, sometimes in excess of \$100,000, which are subject to collection by the City's Finance Department.

Soon after the OIG began operations, auditors became aware that many more Roll-Off contractors were operating in the City than were obtaining BTRs and paying the required revenues. This inherent unfairness to contractors following the rules led the OIG to become more proactive in identifying scofflaws than had ever been done previously. This resulted in an increase in the number of contractors complying with BTR and Sanitation Fee requirements and paying fees to the City at that time.

The OIG also identified problems with the City ordinance defining a "Roll-Off" container. Legal interpretations received from City attorneys had applied the ordinance to wheeled containers and to contractors



Stationary Roll-Off Container

using grapple-service equipment to pick up debris for loading onto trucks (see photos). Yet, lax enforcement and lack of clarity in some City Sanitation Code provisions had allowed some contractors, including those conducting major demolition projects, to avoid paying any sanitation fees, while other contractors working on residential or commercial accounts were paying 20% of their gross revenues to the City.

In a Resolution passed by the former City Commission in 2023, the interpretation of a Roll-Off container became limited to stationary containers, effectively negating the liability of any contractor utilizing other equipment, including those already under audit.

In several subsequent audit reports, including those in this annual report, OIG auditors explained how the inconsistencies in the ordinance's application had resulted in significant lost revenues to the City. The OIG recommended that the ordinance be amended to clearly apply Roll-Off fees in a consistent way, ensuring a level playing field for all construction and debris removal contractors.

During 2024, with the support of the City's new Public Works Director, Bradford Kaine, and the City Administration, ordinance amendments sponsored by City Commissioner Tanya Bhatt were passed by the City Commission.



Grapple-service with Dump Truck

They clarified the circumstances under which a Roll-Off permit and payment of a percentage of gross receipts would be required from entities engaged in removal of construction and demolition debris and/or bulky waste in the City. This accomplishment provides for a fairer application of the sanitation fees imposed under the City Code that also promises to substantially enhance revenues available to fund City operations without drawing upon property tax receipts.



Wheeled Container

"STOP THE PAUSE" ORDINANCE

An OIG report on the status of G.O Bond projects during the past year noted that there have been costly delays on some projects due to unnecessary interruptions or modifications made at advanced stages in the projects. The report echoed previous OIG reports on other projects, including major infrastructure projects, that resulted in cost overruns running into millions of dollars, creating frustration on the part of staff and project stakeholders.

The OIG suggested, based on input from City department heads and supported by the G.O. Bond Oversight Committee, that once a project reaches a certain design stage with full community input, there should be protection against unwarranted scope/design changes on important projects.

A "Stop the Pause" Ordinance, sponsored by Vice Mayor Alex Fernandez and co-sponsored by Commissioner David Suarez, was passed by the Commission in September and now requires, with appropriate exceptions, a 5/7 vote to pause, delay, stop or materially modify a critical infrastructure project with an estimated construction cost of a million dollars and at a 60% design stage. The ordinance also requires a 6/7 vote for such projects after they have obtained all permits and are shovel ready. The OIG views this as a positive step toward curtailing the wasteful practice of unjustified late-stage design changes and is hopeful that its successful implementation will lead to a wider use of such measures by the City.





JESSICA ROMERO LOSADA

Senior Internal Auditor



YORNEY SANCHEZ

Internal Auditor



EL MOSTAFA ACHAR

Internal Auditor

INTERNAL AUDITS

Internal auditing is an independent objective assurance and consulting activity designed to add value and improve an organization's operations. It helps the City accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, internal control, and governance. Internal audits of City departments, contracts, vendors, or employees are assigned initially based on the OIG's assigned risk (high, medium or low) and time elapsed since a previous audit. The audit plan is based on the OIG's independent judgment in its evaluation of requests received from the City Administration, City Commission, Audit Committee, and other interested parties.

Data analytics, a process used in several audits summarized in this report, involves the use of specialized tools and techniques to examine, interpret, and combine large sets of data. This process helps to uncover patterns and anomalies enabling auditors and investigators to more effectively detect fraud, ensure compliance, identify weaknesses, and support evidence-based decision-making. The use of data analytics has become an important tool for OIGs in performing oversight functions.

Review of Selected BDO Audit Findings

As part of a verbal agreement with the City Administration, OIG Auditors perform annual testing of City staff's compliance with several recommendations selected randomly from a total of 60 recommendations contained in a 2017 audit conducted by BDO, an outside audit firm, in the wake of a \$3.6 million fraud involving the City's Treasury and Automatic Clearing House disbursements discovered during 2016.

This year's review focused on compliance with recommendations numbered 27, 31, 38, 55, and 56. Although compliance continues to be achieved with most sampled recommendations, testing in this review identified deficiencies in nine individual transactions during the 2022/23 fiscal year, totaling \$2,245,697.80, that were released for payment with only one department's approval. In five of the last six similar reviews, OIG staff identified 23 transactions, with a total amount exceeding \$7.8 million, that were similarly released due to an incorrect workflow configuration; and 14 other transactions exceeding \$4.5 million approved twice by the same departmental official.

Finance Department Bank Reconciliation Annual Results Summary Reports

Included in the testing based on the 2017 outside audit, the OIG independently verified that all bank account reconciliations were timely completed and reviewed/approved by Finance Department staff for at least one month per quarter. OIG examination completed in November 2023 showed no material exceptions for the sampled months of September 2022, December 2022, February 2023, April 2023, and June 2023. OIG examination completed in July 2024 showed no material exceptions for the sampled months of August 2023, November 2023, January 2024, February 2024, and May 2024.

State Beachfront Management Agreement Financial and Operational Reports for the 2021/22 Fiscal Year

This agreement with the State of Florida requires the City of Miami Beach to remit a 25% “sand tax” to the State from monies collected from private concessionaires for the use of State-owned beachfront property in the City. The OIG prepares a Financial Report informing the State of the completeness and accuracy of the City’s quarterly sand tax payments pursuant to the agreement, and an Operational Report reviewing City procedures, internal controls and accuracy of transactions.

Examination of City records for the period of October 1, 2021, through September 30, 2022, found both underpayments and overpayments of sand taxes, resulting in a net underpayment to the State of \$238,810.21, due primarily to incorrect distribution of beachfront concession fee payments, incorrect distribution of payments among the general ledger accounts, incorrect fee invoicing, and an incorrect computation of the 2022 Boucher Brothers true-up payment.

Gas South, LLC – Public Service (Gas) Tax Audit

City Code provides for the charging, collecting, and remitting of a Public Service Tax on designated purchases of gas and electricity within the City of Miami Beach. Sellers are required to remit 10%, exclusive of governmental charges and taxes, of the total amount billed by the provider for the purchase of electricity, metered gas, and bottled gas and four cents per gallon on fuel oil. This audit of the Public Service Tax remitted by Gas South, LLC to the City between April 1, 2017, and April 30, 2022, found that the contractor properly remitted all Public Service Tax due to the City. However, it was determined that these payments were received after the designated due date for 58 of the 60 months sampled resulting in \$126.28 in accumulated interest due to the City.

Infinite Energy, Inc. – Public Service (Gas) Tax Audit

An audit of the Public Service Tax remitted by Infinite Energy, Inc. and purchased by Gas South, LLC, to the City between April 1, 2017, and June 30, 2021, found that the contractor properly remitted all Public Service Tax due to the City. However, it was determined that these payments were received after the designated due date for 45 of the 50 months sampled resulting in \$116.94 in accumulated interest due to the City.

Business Tax Receipt and Resort Tax Inspection Report

The OIG used data analytics to examine the entire population of Business Tax Receipts (BTRs), the annual licenses required to do business in the City, which are entered into the City’s EnerGov licensing and permitting system. Testing focused primarily on determining whether existing businesses had timely obtained BTRs for the 2023/24 fiscal year as of March 30, 2024, and then the number of prior fiscal years for which they were not compliant.

Approximately 3,500 non-compliant businesses were referred to the Finance and Code Compliance Departments for possible enforcement. Code staff has been assigned to determine the underlying reasons for the lapses, including businesses no longer operating, never licensed due to ignorance of BTR requirements, or intentional evasion of the requirement. Although there remain numerous non-compliant businesses to investigate and bring into compliance, as of June 30, 2024, 62 Notices of Violation were issued. As a result of enforcement action by Code Compliance, businesses have paid more than \$97,000 to the City.

Parking Impact Fees Audit

OIG staff performed an audit focusing on determining the timeliness, accuracy, and completeness of the Parking Impact Fees charged to and collected by the City Planning Department from program participants during the October 1, 2020, through September 30, 2023, audit period. The program calls for business property owners to pay the fee in lieu of providing some or all required parking spaces on certain development projects before receiving a Business Tax Receipt (BTR) from the City. Testing found that BTRs were issued to program participants before the fee-in-lieu parking payment was received by the City; some participants did not timely remit monies due, but continued to be part of the program; annual evaluations to apply CPI adjustments to parking impact fees required by City Code were not completed since 2014 despite significant CPI increases after that year; some annual invoices to participants were not issued, thereby causing confusion concerning the due date; and incorrect billing to six participants resulted in a \$1,176.12 net overpayment to the City.

Miami Beach Cultural Arts Council Audit (10/01/20 – 09/30/23)

The City Code requires the performance of an audit to determine whether the Cultural Arts Council (CAC) and the City's Tourism and Culture Department Cultural Affairs Division staff complied with City Code provisions and to examine whether grant funds were awarded and disbursed in accordance with the Program Guidelines and Application Instructions and other pertinent documentation. In doing so, the OIG Auditor noted the following deficiencies warranting corrective action:

1. Some sampled grantees submitted Final Reports and supporting documentation that did not satisfy all tested Grant Agreement requirements.
2. During the audit period, \$2,962.21 in grant funds were reimbursed to sampled grantees despite being specifically disallowed in the Program Guidelines.

Miami Beach Golf Club (MBGC) and Normandy Golf Club (NSGC) Management Contract Compliance Audits

The OIG conducted audits of the Professional Course Management LTD (PCM) management agreements under which PCM, a private contractor, oversees both the Miami Beach Golf Club (MBGC) and the Normandy Shores Golf Club (NSGC). These audits assessed compliance with contract terms and internal management practices rather than the quality of the golf courses themselves. Significant deficiencies were identified in both agreements, including vague, ambiguous, and confusing terms which have complicated enforcement and resulted in questionable reimbursements to PCM. Further findings highlighted a lack of adequate documentation for City approvals of PCM's actions and financial reimbursements; unverified discounts offered to customers that deviated from City Commission approved rates;



and incorrect billing of water meters, leading to overbilling directed at the golf courses rather than the appropriate City entities; PCM's failure to maintain documented agreements with subcontractors as required by the City Code; and the City's failure to document Maintenance Repair Inspection and Golf Course Evaluation Reports.

The OIG also identified a Florida Sales tax liability in the amount of \$2,736.24 owed to the City by PCM. At NSGC, the audit revealed that PCM employees paid by the City were receiving payments from golf customers for private golf lessons provided by them during work hours, although the amount of the earnings from these lessons could not be verified.

City Department and Division Follow-up on Selected OIG Audit Recommendations

City staff performed self-assessments of recommendations on selected internal audits completed more than six months previously. Based on the responses received from City departments/divisions, the corrective actions implemented were evaluated and placed into one of the following defined categories: not implemented, partially implemented, fully implemented, will not implement, and no longer applicable. ***The OIG determined that, out of 27 recommendations made to the City, 21 were fully implemented and the remaining six were partially implemented.*** The OIG will consider future testing to evaluate the effectiveness of the reported corrective actions.

OIG Staff Assistance To City Departments

In addition to the completion of the above projects, OIG Audit Division staff assisted City department staff during the 2023/24 fiscal year on various projects and requests. Examples included assisting in the interpretation of vendor contracts and/or specific terms, supplying historical information to help explain current concerns, and providing opinions to aid in decision-making.







SANITATION FEE AUDITS

SANITATION FEE AUDITOR JULIA MORALES

Sanitation Fee Audits determine whether private contractors collecting construction/demolition debris from Roll-Off containers are properly permitted and paying the City 20% of gross receipts in Sanitation Fees per City Code. The OIG Sanitation Fee Auditor also conducts audits or assists in investigations of City Commission approved Sanitation franchise waste contractors and other sanitation projects.

The audit summaries below demonstrate how the OIG sanitation audits identified deficiencies in enforcement of City Code provisions as well as deficiencies in those provisions themselves, leading to recent City Code revisions expected to substantially enhance future revenue collections.

G7 Holdings, Inc. d/b/a Garbageman.com permit Fee Revenues Audit

This was an audit of a Roll-Off contractor utilizing wheeled containers, which at the time of the audit were deemed by the City Attorney's Office to fall within the City Code provisions requiring payment of the 20% Roll-Off fee from such contractors but was affected by the legislative issues regarding Roll-Off fee collection described earlier in this annual report.

As the audit was ongoing, the contractor voluntarily remitted a good faith payment of \$183,008.00 due on unpaid fees on transactions occurring during the November 1, 2017, through April 30, 2021, audit period. However, the contractor did not remit associated penalties and interest totaling \$73,669.40 that were also due stemming from this late payment. In addition, G7 Holdings, Inc. d/b/a Garbageman.com improperly shared its Miami Beach issued business tax receipt with David G. Services LLC d/b/a Garbageman.com, and did not file its 2018, 2019, and 2020 annual statements of gross receipts prepared by an independent CPA pursuant to City Code.

Due to problems uncovered in the City's interpretation of the definition of a Roll-Off container (which has since been clarified to include wheeled containers, as described earlier in this annual report) the remaining funds due could not be collected for this audit period.

David G. Services LLC d/b/a Garbageman.com Permit Fee Revenues Audit

The City became aware that this contractor, which was associated with G-7 Holdings and appeared to use wheeled Roll-Off containers, was performing Roll-Off services in Miami Beach without obtaining BTRs, submitting Roll-Off returns, or remitting any permit fees due. The OIG Sanitation Fee Auditor made multiple requests over many months to conduct a compliance audit on the contractor's Miami Beach operations.

Some records were provided, but not all of those requested, so the audit was completed with the best available information. At the conclusion of this audit, the contractor remained non-compliant; had not obtained annual BTRs and/or permits; and had failed to file monthly Roll-Off Permit Fee returns or remit \$17,029.80 (including interest and penalties) in permit fees deemed by the auditor to be due to the City. As with the G-7 Holdings audit described above, the collection of any fees owed was effectively negated due to issues arising in the interpretation of the definition of a Roll-Off container during the audit and are likely uncollectible. As noted in the Garbageman Audit summary above, assessed fees from future activities in the City by this or other similarly-situated contractors will be enforceable.

Riteway Systems Inc.

This audit examined compliance with permit fee requirements for demolition work from January 1, 2019, to April 30, 2022. Initially, Riteway faced violations for failing to acquire permits and BTRs, but subsequent documentation revealed use of dump trucks rather than traditional Roll-Off containers. As noted above, this negated an earlier assessment of \$1.34 million against Riteway, which would have been collectible but for the deficiencies identified in the Code. The OIG recommended that the City Code be amended to prevent future ambiguities about permit fee obligations, which has been accomplished. The new Code provisions clearly include the use of the type of equipment used in this instance and will be applied prospectively.

Green Dreams Paradise

The audit report reviewed compliance with City Code requirements for permit fee revenues from July 1, 2017, to November 30, 2020. The audit aimed to verify the accuracy and timeliness of the contractor's filings, remittances, and adherence to insurance and reporting requirements. Due to initial delays in providing requested documents, the OIG issued subpoenas, and enough documentation was obtained to complete the audit. Findings indicated that the company primarily operated as a landscaping and irrigation service without using traditional Roll-Off containers for construction and demolition debris, thus exempting it from certain permit fees. After discussion with City officials, the OIG concluded that Green Dreams Paradise complied with relevant City Code requirements, and no assessment was levied against the contractor.

Surefire Ventures, LLC Roll-Off Fee Revenues Audit

This audit revealed that Surefire Ventures LLC (operating as "1-800-GOT-JUNK") had not collected or remitted sanitation fees from debris removal at 17 locations within Miami Beach. Despite obtaining a BTR in 2022, the OIG auditor concluded that the company was non-compliant. However, due to the contractor's use of wheeled containers, the above-described issues with City Code provisions prevented the City from assessing fees retroactively, though future activity of this nature will be subject to payment of the required fees.

Custom Pool Systems, LLC Roll-Off Fee Revenues Audit

Custom Pool Systems LLC, specializing in luxury pool designs, was found to have operated without submitting required reports or remitting permit fees. The City issued a violation notice in 2021, and a subsequent audit revealed incomplete compliance with BTR and permit fee requirements. Again, the contractor's use of wheeled containers for debris effectively eliminated potential assessments. This report highlighted the broader implications of this limitation in terms of oversight and revenue loss.



RESORT TAX AUDITS

RESORT TAX AUDITORS



THANIA THIELEN



TATIANA LOPES



RAFFI OLIVO



ALFREDO MOJENA

The Resort Tax Unit conducts audits of the more than 4000 hotels, motels, apartment houses, bars, nightclubs and restaurants required to pay to the City 2% of taxable food and beverage receipts and 4% of taxable lodging revenues. Overall, the City generated over \$100 million in resort taxes during the 2023/24 Fiscal Year. Funds collected due to OIG audit assessments represent monies that the City would not have otherwise collected.

The Resort Tax Unit experienced significant turnover during the past year with the retirement of veteran auditor John Benincasa, the promotion of Yorney Sanchez and El Mostafa Achar from Resort Tax Audit positions to Internal Audit positions, and the acceptance by former Resort Tax Auditor Carlos Villaran of a position with the IRS. They have been replaced by four new auditors: Thania Thielen, Tatiana Lopes, Raffi Olivo and Alfredo Mojena.

Resort Tax Auditors completed 138 audits between October 1, 2023, and September 30, 2024, with net assessments totaling \$2,121,493.88.

These assessments are forwarded to the City's Finance Department for collection or other resolution. Documenting the work done on these audits, the OIG issued two semi-annual reports to the City Commission dated April 4, 2024, and October 14, 2024, to provide transparency on its resort tax audit process.

INVESTIGATION AND REVIEW REPORTS



JANI KLINE SINGER

Investigator



DYLAN HUGHES

Investigator

The Investigative Unit conducts investigations, reviews, and inspections of City operations that are conducted at the discretion of the OIG, but depend heavily on information gleaned from multiple sources, including anonymous tips from informed citizens whose identity can be protected. Prior to opening an investigation, the OIG often conducts a preliminary inquiry into the information to assess whether it merits a full investigation. Much of the unit's time involves monitoring various City projects, contracts, and other activities for the purpose of identifying areas of possible fraud, waste, abuse, mismanagement or misconduct.

Criminal investigations are conducted jointly with law enforcement agencies. Ethics violations may result in a complaint to the Miami-Dade Ethics Commission for enforcement and to the City Administration for disciplinary action. The findings and recommendations made by the OIG based on investigations or reviews of City projects are referred to management for follow-up. Public reports issued on investigations and reviews are listed below.

Investigation of Unauthorized Outside Employment and Misuse of City Resources by City Finance Department Employee

An investigation substantiated that a City employee employed in the Finance Department engaged in unapproved outside employment using City time and resources in violation of City policies on Outside Employment, procedures for working from home, and procedures for the Use of the City's E-Mail, Internet, Computer Systems, and Software Access. Concurrently, the Subject employee violated Miami-Dade County's Conflict of Interest provisions and Code of Ethics for which she agreed to pay a fine of \$2500. She also resigned from her position with the City.

Public Works Department Employee Tax Fraud investigation

The outside employment work of the Finance Department employee in the investigation summarized above included preparation of two federal income tax returns on behalf of a City of Miami Beach Public Works employee. Those returns and several other returns prepared by other preparers for the latter employee were submitted to the IRS and contained untruthful information unsupported by documented income or expense receipts, which was admitted to by the employee. As a result of these misrepresentations, that employee received \$19,550 in tax refunds to which she was not entitled. The OIG referred the information to the IRS Criminal Investigations Division which forwarded it to their Civil Division for review and any further appropriate action. Following completion of the investigation, the employee was administratively moved from her position in Public Works as Storekeeper II to a different position within her bargaining unit.

Waste Hauler Procurement Process Review

Contrary to the original recommendation of City staff and a paid consultant, in 2023 the City Commission decided, with the support of the City Administration, to continue its commercial and multi-family waste hauling service franchise using multiple haulers rather than change to the more prevalent exclusive single-hauler system. The OIG reviewed the City Administration's decision-making process to determine why, after the City hired a consultant and collected data supporting a move from a multi-hauler system to an exclusive waste hauler system, the Administration changed its recommendation to the City Commission to continue with a non-exclusive collection system.

The OIG concluded that this important policy decision was driven more by extensive input from waste hauler interests than by numerous public concerns raised over the performance of the haulers holding the current franchises. Serious questions had been raised about the fairness of the multi-hauler system that allowed the haulers to raise prices or make other modifications without City approval, as well as the common use of private brokers in the negotiations between the haulers and the consumers. The OIG concluded that the City Commission was not provided with a fair assessment of the City's waste hauler options. City staff ended up on both sides of the issue at different times, without a cogent explanation anywhere in the public record of the basis for the shift in position, leading to an appearance that the shift had occurred for reasons unrelated to an objective assessment of the alternative systems.

The process resulted in the City's posting in 2023 a seriously flawed Request for Qualifications (RFQ) for multiple haulers which failed to reflect recommendations of the City staff on the details of the RFQ itself, and thereby risked denying residents and businesses the benefits of best pricing and a competitive procurement. The RFQ was cancelled when the new City Commission decided to reconsider the waste hauler issue.

Investigation of MBPD Civilian Employee Supervisor for Exploitation of Official Position and Sexual Harassment

Based on a complaint from four female civilian employees at the Miami Beach Police Department, the OIG conducted an investigation jointly with the Miami-Dade Commission on Ethics and Public Trust into a civilian supervisor's use of City resources to conduct private business on City time in an attempt to develop a new software system for the Police Department's records management. The subject employee had an expectation that he would be compensated for his efforts through a private company with which he was associated. Besides his personal involvement, the activity to promote his private business interests included his direction of employees he supervised to test equipment related to private business on City time. At the conclusion of the investigation, the Subject employee was cited by the Ethics Commission for Exploitation of Official Position and Unlawful Outside Employment, for which he received a \$1,500 fine and a Letter of Instruction.

In a related issue involving the same female complainants and the same civilian supervisor, allegations regarding sexual harassment were investigated by the Miami Beach Police Internal Affairs Unit (IA) involving personal text messages sent to female employees at night, inappropriate personal conversations and comments, unwelcome hugs, and arranging unsolicited massages for them at a local massage parlor as "Christmas gifts." That investigation resulted in a determination that the Subject had violated City Work Rule DRR 6.7.2, Courtesy and Respect, as well as SOP#145, Social Media and Social Networking, for which he received a written warning, a reclassification of his position, and mandatory employee counseling.

The OIG examined the IA report and, after conducting further investigation, referred the evidence to the Ethics Commission also as a possible *Exploitation of Official Position*. After its review, Ethics Commission staff concluded that the available evidence could not support a violation of the County Ethics Code. The information regarding both matters was provided to the City Administration for consideration of further administrative action.

Deficiencies in Outside Employment Oversight

The OIG has now issued seven reports identifying deficiencies in the oversight of outside employment engaged in by full-time City employees. Previous OIG reports recommended that: (1) the City adopt a more explicit policy requiring the maintenance and retention of all outside employment requests in all City departments; and (2) requests for outside employment from a City employee include at least one approval from an individual versed in ethical issues and conflicts of interest, preferably, the City Attorney or his/her designee, whose sole purpose in the process would be to consider the request in light of relevant ethics provisions.

In addition to these recommendations, this report provided several recommendations to assist the Administration in enhancing the organization, oversight, and accountability of Administrative Orders and Procedures related to Outside Employment, Telecommuting, and New Employee Background checks.

The OIG is awaiting a status report from the City regarding the implementation of all recommendations.

Review of Alleged Condominium Predatory Practices

Through a referral from a City Commissioner, the OIG reviewed complaints from residents living at a Miami Beach condominium, considered to be an historic property, regarding alleged unfair practices said to have occurred in the course of a buyout/termination of the condominium building. Condo buyouts have become a matter of great public concern in the City of Miami Beach and elsewhere due to the serious impacts on the lives, homes, and financial security of resident owners. The OIG reviewed allegations from some of the affected residents, as well publicly available information about condo buyouts in other locations, with an eye toward both protection of City residents from unfair or abusive practices and the City's substantial commitment and investment in its historic properties.

Although no specific findings were made regarding the initial complaint, the OIG recognized that such buyouts occur largely due to economic and situational factors related to lack of structural maintenance, making it challenging for owners wishing to maintain their homes as they struggle with the financial burden of meeting building code requirements. This condition has created investment opportunities for developers who may be acting within the law, but may, in some instances, engage in unfair practices toward owners, many of whom are likely to be elderly and on fixed incomes. Condo owners are often divided between those hoping to remain in their homes and those who find that selling is their best option.

Although final resolution of some of these issues may be outside the purview of the City government, the OIG, based on its research, recommended that the City consider legislation to 1) limit repeated and unsolicited attempts to contact homeowners via email, telephone, text message or other written or similar means; and (2) prohibit threats to owners, whether express or implied. The OIG suggested that such legislation could protect vulnerable owners wishing to remain in their homes from unscrupulous practices and also underscored the threat that such activity poses to the City's historic properties.





General Obligation Bond Oversight

The OIG provides periodic reports on its oversight of City staff and contractor performance on the City's General Obligation Bond (G.O. Bond) projects. Two reports in the past year identified the wasteful practice of starting and stopping a project to change project scope after the project had been publicly vetted, funded and fully designed. The OIG also analyzed the various reasons for delays in projects and the adverse effects of these delays, which may include extensive unplanned expenditures. The OIG concluded that, although some delays and changes in projects may be necessary or justifiable, the City needs to have a more logical assessment of the costs and benefits to avoid this often wasteful practice.

In recommending process reform, the OIG noted that former and current City department heads have recommended that once a project has achieved a 30%-60% design, ideally at Design Review Board or Historic Preservation Board approval, and has been fully vetted in the community, there should be no additional scope/design change barring an unforeseen or other extraordinary event. The OIG recommended that the City study the cumulative impact of this practice on project costs and timeliness, weigh the costs and benefits of the practice, and assess whether changes in the approval process are warranted. The OIG further recommended that the City consider the establishment of a voting threshold in excess of a majority of the Commission members that would be required to alter the scope/design of a project after certain critical pre-established criteria have been met.

Following the issuance of these reports, the OIG met with the G.O. Bond Oversight Committee, the City Attorney and various staff members to discuss implementation of the recommended process reform. This led to the adoption of the "Stop the Pause" Ordinance, referenced earlier in this report, which seeks to "establish a higher threshold of approval to pause, delay, stop or materially modify critical infrastructure projects at advanced stages to ensure continuity and completion, while allowing for exceptions in the case of unforeseen site conditions that materially impact the cost of the project, funding limitations, and/ or funding emergencies..." The Ordinance also places higher voting thresholds on such changes, as recommended by the OIG.

In addition to this process reform, the OIG recommended to the City that it assess opportunities to improve the internal coordination and prioritization of G.O. BOND projects among departments, and to conduct an inventory of all private outside cost estimators currently being used by the City to determine how well they predict construction market changes. This can be done by comparing cost estimates provided by each estimator with project costs to gauge the reliability of the various estimators and then determine their relative accuracy for use in future projects.





PROCUREMENT OVERSIGHT

CONTRACT OVERSIGHT SPECIALIST JILL KLASKIN PRESS

The OIG utilizes a part-time Contract Oversight Specialist, Jill Klaskin Press, a Certified Public Purchasing Officer (CPPO), to monitor the City's procurement process. With the cooperation of the Procurement Department, the position provides general observation, oversight, and analysis of various aspects of the City's procurement process, including bid process and evaluation, negotiations, and contract award, with the goals of promoting transparency and efficiency and ensuring that decisions are fair, objective, and without bias or prejudice toward any participant.

The OIG has developed a Risk Assessment Worksheet (RAW) for each contract that exceeds \$1,000,000 or that involves a project likely to be publicly debated or to result in publicity. Each contract examined is scored on nine risk factors about the nature and conditions of the project or program in question, and the OIG calculates and applies the scores to rate each contract as having a high, medium, or low risk level.

The OIG notifies key members of the City Administration of contracts with "high risk" scores for special managerial oversight. The Contract Oversight Specialist then follows each solicitation throughout the procurement process, monitoring evaluation meetings, bid protests, and awards. The OIG also utilizes the risk scores in determining appropriate contracts for audit, review or investigation.

During 2024, the OIG issued reports summarizing risk assessment activity and identifying high-risk contracts in the City between January 1, 2023, and July 31, 2024. In that period there were over 500 solicitations of which 67 were determined to have a value in excess of \$1,000,000, 22 of which were deemed as "high risk."



CITY CHARTER, SECTION 9.01

The Office of Inspector General is herein established as an independent body to perform investigations, audits, reviews, and oversight of municipal matters including City contracts, programs, projects, and expenditures, in order to identify efficiencies, and to detect, investigate and prevent fraud, waste, mismanagement, misconduct, and abuse of power. The Office shall have the power to subpoena witnesses, administer oaths, and require the production of records, in order to conduct its investigations.

The Inspector General shall be appointed by the Ad Hoc Inspector General Section Committee, as further established by ordinance; however, before any appointment by the Ad Hoc Inspector General Section Committee shall become effective, the appointment must be approved by a majority vote of the City Commission. The Inspector General may be removed from office upon a five-sevenths (5/7) vote of the City Commission. Such Office's appointment, reappointment, term, functions, authority, and powers shall be further established by Ordinance. (Res. No. 2018-30437, 7-25-18, passed by voters 11-6-18)

MIAMI BEACH



JOIN THE CITY'S FIGHT AGAINST FRAUD, WASTE AND ABUSE

If you know of serious misconduct by a Miami Beach
official, employee or contractor

CALL OUR CONFIDENTIAL HOTLINE:
786.897.1111

Email: CityofMiamiBeachOIG@miamibeachfl.gov

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